

Research Report

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Title of Research: Determinants of Security Strategies in Maritime Southeast Asia: The Philippines, Vietnam and Malaysia in the South China Sea, 1988-2015

Purpose of Research: (400 words)

The South China Sea disputes provide an opportunity to identify the responses of actors that are neither small/micro states nor great powers, to threats emanating from a proximate, rising great power. Hence, this research primarily asks: What are the security strategies of major Southeast Asian claimants toward the South China Sea disputes and what are the factors that determine them?

This research mainly focuses on the two observed dominant security strategies employed by Southeast Asian claimants against great power threats to their South China Sea interests, covering the period 1988 to 2015.

Content/Methodology of Research: (800 words)

This research argues that the primary determinant of a secondary state's broad choice of whether to balance or to hedge against a great power threat is the degree of the threat at a given period of time. On the one hand, the presence of high and/or very high-level threats would automatically warrant an intent to balance due to clarity of the great power's intention towards, urgency of need for response related to, and alteration of status quo or initial condition of, a concerned contested domain. On the other hand, low and medium level threats would compel a state to hedge due to the ambiguity or uncertainty of the threat vis-à-vis its national interest at hand. In other words, high and very high-level threats demonstrate the enforcement of the great power's claims over a contested domain, while low and medium level threats only exhibit the building up of normative bases and physical capabilities of the great power for possible enforcement of its claims in the future.

Meanwhile, another set of determinants of secondary states' responses to threats include both external and internal factors present at a given period of time. First, what are the available external

factors that could be used as leverage to delay or frustrate the source of threat? Are there international multilateral mechanisms available at the time of the threat through which a global/regional public opinion could be formed to discourage the adversarial great power? Is there a third party great power able and willing to throw its diplomatic and/or military weight on the secondary states' behalf? For this research, external factors refer to two variables: 1) availability of multilateral regional dialogue institutions and favorable international legal mechanisms, and 2) availability of third party state as ally, partner or diplomatic supporter.

Second, what are the domestic factors that help determine secondary states' responses to great power threats? For this research, two variables are taken into consideration: 1) the claimants' prevailing leadership perception of China, which will be identified through literature review and the researcher's own analysis and judgment and; 2) the claimants' respective economic condition at a given period of time mainly demonstrated by the average GDP growth for the period.

While internally, national polities can have varying views on China and the threat it poses, the prevailing perception of the national leadership at a given period of time impact the eventual choice of policies in response to threats. This prevailing perception of China could be influenced by several internal factors unique to each claimant states, including the leaders' parochial concerns or self-interests, world view, and policy priorities. Meanwhile, the economic condition (growth and stability) also influence strategic choices because it accounts for the states' ability to do internal balancing, in particular military buildup and modernization, and efforts to improve maritime capabilities to monitor, maintain presence and conduct law enforcement.

Accordingly, the existence of either very high or high-level threat emanating from China would result in the Southeast Asian claimants' outright balancing. First, externally, these states would have external opportunities through which to resist China. Second, internally, there would be higher domestic political pressures in favor of resisting China and protecting the threatened national interest, which would consequently impact the prevailing leadership perception towards China. However, the range of balancing also depended on what exactly are the available external factors. The claimant state is expected to pursue both hard and soft balancing if all external factors as identified are available at the time of the threat. However, they would be limited to soft-balancing only if availability of regional dialogue institutions and legal mechanisms are the only ones present at the time of the threat. This is the

case when there are no available third party great power presenting itself as an opportunity to resist China threat, and when the claimant states' economic condition is not favorable to defense buildup. When no external opportunity is available, yet internal factors are favorable to resistance, the claimant states are likely to do internal hard balancing only, such as through significant increases in defense budget, major maritime weapons acquisition, and passing of a law funding military modernization, among other efforts to strengthen offshore defense and deterrence.

Table 1. Degrees of China Threat in the South China Sea
Low (non-physical, no confrontation, no change in status quo) (Value: 2)
Passing of domestic legislations asserting claims administration control
Annual increase in China's defense expenditures
Medium (physical and observable, with no confrontation, no change in status quo) (Value: 3)
Aggregate increase in China's maritime forces and presence on disputed waters including new construction/reclamation on already occupied features
Increasing number of Chinese fishermen on disputed waters
Occasional presence in ASEAN claimants' controlled domains
High and very high level threats from China towards a fellow Southeast Asian claimant's
High (Economic coercion with change of status quo, no confrontation) (Value: 10)
Coercion of companies to suspend hydrocarbon operations in claimants' EEZ's
Arrest warding off of fishermen by Chinese authorities on own EEZ's
Very High (Physical coercion, with confrontation, change of status quo) (Value: 20)
Permanent stationing of vessels (civilian/military/paramilitary) and/or construction in domains controlled/occupied by ASEAN claimants
Physical coercion to prevent claimants' access to resource entitlements (maritime blockade, cutting of cable, ramming attempts)
Physical coercion to prevent claimants' access to controlled/occupied features (physical blockade, ramming attempts)
Stationing of oil platforms in others' unguarded EEZ's

Meanwhile, for both medium and low level threats, claimant states are likely to hedge against China threat. The ambiguity on what China threat means for the claimants' South China Sea interests provide enough room for maneuvering and incentives for both balancing (to prepare for contingencies) and bandwagoning (to gain the adversarial great power's goodwill). Nevertheless, the degree of hedging is still impacted by the identified external and internal factors, at a given period of time. When a claimant state hedges against threat, the strategy could lean towards either balancing (selective balancing) or bandwagoning (selective bandwagoning). The biggest variable that should account for this is the prevailing leadership of perception of China in Manila, Hanoi and Kuala Lumpur. If the perception is largely negative, the claimant state is likely to emphasize the balancing side of its hedging

strategy (selective balancing). If the perception is largely positive and not favorable to resistance, then the claimant state is likely to emphasize the bandwagoning side of the hedging strategy (selective bandwagoning). Both selective balancing and selective bandwagoning rest under the premise that China threat remains low or medium. Consequently, a claimant country whose leadership has a largely positive view of China could silently do internal balancing, and suppress any effort to soft-balance the source of threat, appearing as if it is bandwagoning because it not as loud as others in regional dialogue institutions.

As a contribution to the literature, the research intends to advance a new perspective that treats hard and soft balancing as complements, and that secondary states do actually employ them simultaneously. Furthermore, as stated above, this research would also introduce a new definition for hedging as a security strategy, different from existing but insufficient definitions provided by other related literature.

The tables in the next two pages demonstrate specifically the range of policy options available for the three major Southeast Asian claimants.

A state is balancing when no bandwagoning is observed at a given period. A state is bandwagoning when there is no balancing is observed at a given period. A state is hedging when, during the same period, both bandwagoning and balancing initiatives are observed at varying levels, largely lower levels.

Research Method

This research is a small-N study and adopts a mixed method. First this research conducted comparative historical case studies of South China Sea tensions and major Southeast Asian-claimant states' responses per period: 1988-1994, 1995-2002, 2003-2008 and 2009-2015. The following have been conducted in order to gather as many data or information as possible relevant to China-related tensions in the South China Sea and the corresponding responses (strategies/policies) of three major Southeast Asian claimants: archival and library research using Vietnamese, Malaysian and Philippine government databases, and archives of English newspapers in those three countries. Relevant English language news reports from major international newswires were also included.

Qualitative Method

In testing the hypotheses and proving the arguments, this research first made use of process tracing, essentially examining the collected sequential data by breaking them into sets of cases (tensions, official responses, dominant rhetoric) divided by time period that constitute the “process of interests.” The research ensured that every case had to be explainable by the generalizable principle specified in the hypotheses. In other words, does it conform to the hypotheses already setup at the beginning of this research? By doing this, the research could test the hypotheses by revealing observable patterns of state behaviors among the three major Southeast Asian claimants vis-à-vis China threat in the South China Sea, over time.

Quantitative Method

This research then made use of quantitative method to alternatively demonstrate the validity of the findings. Simple mathematical equations were employed to quantify the variables. Relative values were assigned to every instance of the variables considered. The purpose is to quantify the degree through which each variable would influence the degree of balancing, hedging or bandwagoning, whichever the case.

Quantifying the Variables

Degrees of China Threat (Y)

Table 1 on page 16 lists the degrees of China threat and the assigned values.

- L = Low = 2
- M = Medium = 3
- H = High = 10
- V = Very High = 20
- i = Instances
- n = number of years in a given period

Quantifying China threat (Y)

$$Y = (L(i)+M(i)+H(i)+V(i))/n$$

Availability of External Balancing Opportunities (A)

Table 2. Degrees of External Balancing Opportunities
Low (Value: 1)
Membership in multilateral security arrangement such as a consultative body on defense issues
Medium (Value: 3)
Strategic partnership with third-party states not considered as a great power
High (Value: 4)
Strategic partnership with an interested outside great power
Very High (Value: 12)
Existence of a Mutual Defense Treaty with a great power

L = Low = 1

M = Medium = 3

H = High = 4

V = Very High = 12

i = availability

Quantifying External Balancing Opportunities (A)

$$A = L(i) + M(i) + H(i) + V(i)$$

Availability Regional Dialogue Institutions/Supportive Int'l Legal Mechanisms (B)

Table 3. Availability Regional Dialogue Institutions and Supportive International Legal Mechanisms
Low (Value: 1)
UNCLOS not in effect/based on customary international law
Existence of ASEAN Declarations
Medium (Value: 3)
Dialogue Partnership with ASEAN
UNCLOS in effect but not ratified
Existence of ASEAN-China Declarations
High (Value: 6)
Full membership in ASEAN
UNCLOS ratification completed
Existence of Binding ASEAN-China Code of Conduct

L = Low = 1

M = Medium = 3

H = High = 6

i = availability

Quantifying Availability Regional Dialogue Institutions/Supportive Int'l Legal Mechanisms (B)

$$B = L(i) + M(i) + H(i) + V(i)$$

Degrees of Economic Condition (C)

Table 4. Degrees of Economic Condition

Low/Poor (Value: 1)
Ave. GDP Growth 3% or under
Medium/Fair (Value: 3)
Ave. GDP Growth 4-5%
High/Good (Value: 5)
Ave. GDP growth 6-7%
Very High/Very Good (Value: 7)
Ave. GDP growth 8%+

Assigned values were simply provided to economic condition at a given period depending on the claimants' average GDP growth.

Prevailing Leadership Perception of China (D)

Table 5. Prevailing Leadership Perception of China

Very Negative (Value: 6)
Consistently negative perception of China
Moderately Negative (Value: 4)
Negative perception of China but highly dependent on Chinese action
Indifferent/Neutral (Value: 0)
No indication of perception towards China
Moderately Positive (Value: -4)
Positive perception of China but highly dependent on Chinese action
Very Positive (Value: -6)
Consistently positive perception of China

Assigned values were also provided to the prevailing leadership perception of China at a given period using the analyses derived from the case studies and the researcher's judgment.

Predicting Security Strategy in Response to Threat

X = Security Strategy

Y = China threat

A = External Balancing Opportunities

B = Availability Regional Dialogue Institutions/Supportive Int'l Legal Mechanisms

C = Economic Condition

D = Prevailing Leadership Perception of China

Since this research aims to find the degree through which a secondary state would resist a threat from a proximate great power, the following will be used:

$$X = Y(A+B+C+D)$$

Since claimant strategies are responses to China threat (primary independent variable), the degree of the other determinants (secondary variables) of strategies at a given period of time is multiplied to the degree of the threat.

Counting Rules for Expected Strategy:

Full Balancing: 100 and above

Selective Balancing: 50-99

Selective Bandwagoning: 1 to 49

Full Bandwagoning: 0 and below

Table 6. Bandwagoning-Hedging-Balancing Continuum (Actual Strategies)			
Full Bandwagoning	Hedging		Full Balancing
	Selective Bandwagoning	Selective Balancing	
0 and under	1 to 49	50 to 99	100 and above
Bandwagoning side		Balancing side	

Measuring Actual Strategy Employed in Response to Threat

$$X_{\text{actual}} = SB_1 + SB_2 + HB_1 + HB_2 + B_1 + B_2 + B_3 + B_4$$

Soft-Balancing by Internationalization (SB₁)

L = Low = 1

M = Medium = 2

H = High = 3

i = Instances

n = number of years in a given period

$$SB_1 = (L(i) + M(i) + H(i))/n$$

Soft-Balancing by Legalization (SB₂)

L = Low = 1

M = Medium = 5

H = High = 10

V = Very High = 20

i = Instances

n = number of years in a given period

$$SB_2 = (L(i) + M(i) + H(i) + V(i))/n$$

Internal Hard-Balancing (HB₁)

L = Low = 3

M = Medium = 10

H = High = 20

V = Very High = 30

i = Instances

n = number of years in a given period

$$HB_1 = (L(i) + M(i) + H(i) + V(i))/n$$

External Hard-Balancing (HB₂)

L = Low = 5

M = Medium = 15

H = High = 25

i = Instances

n = number of years in a given period

$$HB_2 = (L(i) + M(i) + H(i))/n$$

Adoption of great power's dispute management preferences (B₁)

L = Low = -3

M = Medium = -5

H = High = -15

V = Very High = -30

i = Instances

n = number of years in a given period

$$B_1 = (L(i) + M(i) + H(i) + V(i))/n$$

Adoption of great power's preferences on dispute resolution mechanism (B₂)

L = Low = -3

M = Medium = -5

H = High = -15

V = Very High = -30

i = Instances
n = number of years in a given period
 $B_2 = (L(i) + M(i) + H(i) + V(i))/n$

Downplaying China threat (B₃)

L = Low = -3
M = Medium = -5
H = High = -15

i = Instances
n = number of years in a given period
 $B_3 = (L(i) + M(i) + H(i) + V(i))/n$

Surrendering Claims Conditionally/Unconditionally (B₄)

B₄ = Total of the maximum values for bandwagoning possibilities = - 129

Counting Rules for Actual Strategy Used

- Full Balancing: 30 and above
- Selective Balancing: 1 to 29
- Selective Bandwagoning: -29 to 0
- Full Bandwagoning: -29 and below

Table 7. Bandwagoning-Hedging-Balancing Continuum (Actual Strategies)			
Full Bandwagoning	Hedging		Full Balancing
	Selective Bandwagoning	Selective Balancing	
-30 and below	0 to 29	1 to 29	30 and above
Bandwagoning side		Balancing side	

Since this counting rule looks at the actual strategies employed by secondary states, hedging could be clearly categorized into two – selective bandwagoning when bandwagoning is more emphasized than balancing; and selective balancing, when it is the other way around.

Table 8. Manifestations and Intensity of Balancing Strategies

Degree of Balancing (Value)	Low (1)	Low (1)	Low (1)	Medium (2)	High (3)
Soft-balancing by Internationalization	Raising the disputes in regional dialogue institutions/bilateral meetings with outside powers; Inclusion of the disputes in unilateral statements at regional dialogue institutions/international organizations; Unilateral activities that invite international attention/hype the disputes	Pushing for inclusion of the disputes in joint statements with ASEAN/outside great powers/ with non-claimants	Pushing for direct referencing of China's threatening behaviors through regional dialogue institutions (explicit mention of militarization, land reclamation, China-related tension)	Pushing for direct referencing of China as the source of threat through regional dialogue institutions or international organizations.	
Soft-balancing by Legalization	Low (1) Referencing quasi-legal mechanisms (e.g. 2002 DoC) in official statements/press statements/talking points Referencing international law in official statements; press statements; deals with China	Medium (5) Pushing for quasi-legal mechanisms and respect for international law in regional dialogue institutions (e.g. calling for a binding CoC, adherence to DoC)	High (10) Filing claims/statements/reports (unilaterally or with fellow ASEAN claimant) before international organizations (e.g. UN agencies)	Very High (20) Filing a legal case before an international tribunal directly challenging Chinese claim	
Internal Hard Balancing	Low (3) Average annual defense spending increase over a period: <3%	Medium (10) Average annual defense spending increase over a period: 3-5%	High (20) Average annual defense spending increase over a period: 5-10%	Very High (30) Average annual defense spending increase over a period: >10%	Targeted military build-up (build-up directly connected to a China-related tension) e.g. passing of new law for the purpose
External Hard Balancing	Low (5) Deepening security/diplomatic ties with interested outside power; Unilateral invocation of third party great powers' commitments per strategic partnership/alliance	Medium (15) Forging strategic partnerships/strengthening existing strategic partnerships	High (25) Forging alliance/ strengthening existing alliance		

Table 9. Manifestations and Intensity of Bandwagoning Strategies

Degree of Bandwagoning	Low -3	Medium -5	High -15	Very High -30
Adoption of great power's dispute management preferences	In unilateral official statements (ministerial level) In unilateral official statements (head of state/government level)	In bilateral joint statements	In regional dialogue institutions	In actual policy action
Adoption of great power's preferences on dispute resolution mechanism	In unilateral official statements (ministerial level) In unilateral official statements (head of state/government level)	In bilateral joint statements	In regional dialogue institutions	In actual policy action
Downplaying threat	In unilateral official/press statements (ministerial level) In unilateral official/press statements (head of state/government level)	In statements at/during regional dialogue institutions (ministerial/head of state levels)	Military exercise with the source of threat	-
Surrendering claims conditionally/unconditionally			In actual policy action	Maximum Bandwagoning (Sum of all bandwagoning possibilities above) 129

Conclusion/Observation (400 words)

This research has important contribution to the literature. This research has demonstrated that secondary states when threatened by a great power employ either full balancing or hedging. The latter could be divided into selective balancing and selective bandwagoning, depending on the emphasis. The choice ultimately has to do with the degree of the threat and also on several other factors at the time of the threat, namely external balancing opportunities, availability of regional dialogue institutions and supportive international legal mechanisms, economic condition, and the prevailing leadership perception of China. This research has sought to empirically demonstrate how secondary states would resist threats emanating from a great power. This section will now look at the contribution of this research to the literature.

Hard and Soft Balancing as Complements

Existing literature treats hard balancing and soft balancing as substitutes to each other. In essence, these scholars argue that when a state is unable to do hard balancing through military buildup or alliances, it will pursue other means of resisting threat such as using international law, multilateral institutions and other diplomatic arrangements. This research however, revealed that secondary states do treat hard and soft balancing as complements, not as substitutes. In essence, hard and soft balancing are not mutually exclusive. Indeed, when a claimant state is hedging and want to increase the balancing side of the strategy, or outrightly balancing a threat, it employs both hard and soft balancing. As observed, Southeast Asian claimants employed soft-balancing through internationalization and legalization of the South China Sea disputes as mainly underpinned by the opportunities provided for by regional dialogue institutions. At the same time, they also pursued hard-balancing internally through enhancing maritime capability and building military power necessary for offshore territorial monitoring and defense, and externally by strengthening existing alliances or forging new strategic partnerships with outside powers, both in an effort to restrain the Chinese. The extent through which a state uses soft and hard balancing is dependent on several other factors as noted – external factors (availability of regional/multilateral dialogue institutions and supportive international legal mechanisms, and outside powers) and internal factors (prevailing leadership perception of China and economic growth and stability at a given period).

Hedging as a Security Strategy

Since there is no consensus definition of hedging in international security studies, this research is introducing a more clarified concept of the strategy that is rather focused on how it is employed in response to threat (similar to balancing against threat as opposed to a more comprehensive balancing against power). In this study, hedging is defined as the simultaneous employment of bandwagoning and balancing initiatives aimed at addressing low and medium level threats. It is unlikely for a state to continue to hedge when a threat had already reached high-level.

Indeed, the case studies have demonstrated that claimants faced with low and medium level threats from China, tend to hedge, by employing some forms of bandwagoning and some forms of balancing at the same time. Which side is emphasized depended on internal and external factors available at the time of the threat. As noted, hedging can be selective bandwagoning when accommodating the policy preferences of the adversarial great power is more emphasized. It can be selective balancing when resisting the claims and policy preferences of the adversarial great power is more pronounced than bandwagoning. The ambiguity or lack of clarity in the Chinese threat and the absence of an actual and permanent change in the status quo (a claimants' control and/or occupation of a disputed feature or maritime zone), on the one hand, allowed some room for the claimants to positively engage Beijing and accommodate some of its policy preferences on the South China Sea issue in hopes of gaining its favor and not threaten their interests further. On the other hand, low and medium level threats also provided enough pressure for the claimants to pursue balancing mechanisms as safeguards, and better protect their interests.

Overall, the South China Sea disputes provided an opportunity to reveal exactly how, and under what circumstances secondary states resist threats emanating from a great power.